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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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January 6, 1976

B-115398



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Speaker of the House
President of the Senate

We were furnished copies of deferrals and proposed rescissions which the President submitted to the Congress on December 1, in his eighth special message for fiscal year 1976 pursuant to the Impoundment Control Act of 1974. The special message transmits 13 rescission proposals, 18 new deferrals, and one revised deferral. The President estimates that the impoundments will reduce fiscal year 1976 outlays by \$63.2 million. Enclosure I summarizes, by agency, the total budget authority and FY 1976 outlay reductions involved in the message.

The Impoundment Control Act requires us to review each message and report promptly to the House and Senate as to the facts surrounding each action, including the probable effect thereof and, in the case of deferrals, to render a judgment as to whether the action is in accordance with existing legal authority. We are also required to notify the Congress if supplementary information revising earlier messages necessitates changes in the original reports submitted by us. Enclosure II contains our comments on each impoundment transmitted by the President's eighth special message.

For two of the deferrals included in the eighth message--D76-68, deferral of \$7,570,000 of budget authority for the Northeastern Appalachian Region Fruit Crop Laboratory, and D76-69, deferral of \$6,314,000 of budget authority for the Fleming Key Animal Import Center--the Senate has passed impoundment resolutions rejecting the proposed deferrals of the budget authority. We have confirmed that OMB has apportioned the budget authority to the Department of Agriculture and that the Department has made it available for obligation.

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In the case of another deferral--D76-85, Refugee and Migration Affairs--the deferral message states that the State Department proposes to maintain the \$28,492,695 of budget authority in reserve for possible contingencies. Available State Department records

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6 indicate, however, that the funds are being proposed for transfer to HEW and other State Department re-fugee programs. Since this action has not been finalized, we will continue to monitor this transaction and update this information at a later date.

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Sincerely yours



Comptroller General
of the United States

Enclosures

BUDGET AUTHORITY AND OUTLAY REDUCTIONS CONTAINED IN
 PROPOSED RESCISSIONS AND DEFERRALS TRANSMITTED WITH THE
 PRESIDENT'S EIGHTH FY 76 SPECIAL MESSAGE

DECEMBER 1, 1975

(dollars in thousands)

	<u>Budget Authority</u>	<u>Outlay Reduc- tions FY 1976</u>
<u>PROPOSED RESCISSIONS</u>		
Dept. of Agriculture	\$ 233,354	\$ 26,900
Dept. of Housing and Urban Development	600,000	0
Consumer Product Safety Commission	5,225	4,000
<u>DEFERRALS</u>		
Dept. of Agriculture	184,131	25,800
Dept. of Commerce	1,339	0
Dept. of Health, Education, and Welfare	(4,055)	0
Dept. of Labor <u>1/</u>	977	0
Environmental Protection Agency	35,350	6,500
National Aeronautics and Space Administration	2,900	0
Dept. of State	<u>28,493</u>	<u>0</u>
TOTAL RESCISSIONS AND DEFERRALS	<u>\$1,087,714</u>	<u>\$63,200</u>

1/ Does not include \$1,431,000 which relates to an off-budget agency (D76-78).

ENCLOSURE II

COMMENTS ON THE EIGHTH FY 1976 SPECIAL MESSAGE
TRANSMITTED BY THE PRESIDENT ON DECEMBER 1, 1975
PURSUANT TO THE IMPOUNDMENT CONTROL ACT OF 1974

DEPARTMENT OF AGRICULTURE

R76-25 Agriculture Marketing Service
 Payments to States and Possessions
 Agricultural Marketing Service, 1976
 1262501

The information provided in the above message is essentially correct and the actions being proposed are reasonably clear. Agency officials stated that if the proposed rescission is rejected by the Congress, they may have difficulty utilizing the budget authority effectively before it lapses, due to the low level of State interest in this program. They informed us that about \$1.3 million of fiscal year 1975 funds lapsed and were returned to the Treasury. Part of the budget authority proposed for this rescission was the subject of deferral D76-35A.

D76-68 Agricultural Research Service
Agricultural Research Service
(Construction) 12X1400

D76-69 Animal and Plant Health Inspection Service
Animal and Plant Health Inspection Service
(Construction - Fleming Key Animal Import
Center) 12X1600

The proposed deferral of \$7,570,000 of budget authority in message D76-68 was disapproved by the Senate on December 4 (Senate Resolution 313). The proposed deferral of \$6,314,000 of budget authority in message D76-69 was disapproved by the Senate on December 10 (Senate Resolution 324). Therefore, the budget authority proposed in these deferrals is required to be made available for obligation. We have confirmed that OMB has apportioned the budget authority to the Department of Agriculture and that the Department has made it available for obligation by the respective agencies.

Proposed deferral D76-68 concerns the same program as R76-15.

DEPARTMENT OF STATE

D76-85 Refugee and Migration Affairs
Special Assistance to Refugees from
Cambodia and Vietnam

Whereas the deferral message states that the State Department proposes to maintain the \$28,492,695 of budget authority in reserve for possible contingencies,

available State Department records indicate that the funds are being proposed for transfer to HEW and other State Department refugee programs. The amounts are as follows:

Proposed transfers to HEW Refugee Program	\$25,092,695
Proposed transfers to State Dept. Laotian Refugee Program	<u>3,400,000</u>
	\$28,492,695

OMB, HEW, and State Department officials believe that section 4(b) of the Migration and Refugee Assistance Act of 1962, as amended, gives the President authority to transfer the budget authority to HEW. Until a final transfer decision is made, however, the budget authority will be carried on State Department records.

The \$25 million being proposed for transfer to HEW will be used for transition quarter activities. This budget authority will lapse unless it is obligated by June 30, 1975. Since the matter has not been finalized, we will continue to monitor this transaction and update our information at a later date.

CONSUMER PRODUCT SAFETY COMMISSION

R76-27 Salaries and Expenses
6150100

Agency officials feel that the message understates the impact the proposed rescission, if accepted, would have on the Commission's operations. For example, Commission officials estimate that by keeping their funding at the 1975 level, they will have to absorb about \$5 million in uncontrolled increases. The result will be that their 1976 funding level for major programs will be about 30 percent less than it was in 1975. Our records indicate that the Executive Branch proposed on January 30, 1975, a very similar rescission, R75-81 for \$1,709,000 of FY 1975 budget authority, for this same appropriation. The Congress agreed to accept \$500,000 of that proposed rescission (P.L. 94-15).

DEPARTMENT OF AGRICULTURE

R76-15 Agriculture Research Service
Agriculture Research Service
(Construction) 12X1400

R76-16 Agriculture Stabilization and Con-
servaion Service
Water Bank Act Program - 1976
12X3320

R76-17 Agricultural Stabilization and Con-
servaion Service
Forestry Incentives Program - 1976
12X3336

- R76-18 Farmers Home Administration
Rural Water and Waste Disposal
Grants 12X2066
- R76-19 Farmers Home Administration
Rural Development Grants
1262065
- R76-20 Farmers Home Administration
Rural Housing for Domestic Farm Labor
12X2004
- R76-21 Farmers Home Administration
Mutual and Self-Help Housing
12X2006
- R76-22 Farmers Home Administration
Self-Help Housing Land Development
Fund 12X4222
- R76-23 Farmers Home Administration
Rural Housing Insurance Fund
(Farm Labor Housing Loans)
12X4141
- R76-24 Farmers Home Administration
Rural Community Fire Protection
Grants 1262067

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- R76-26 Housing Production and Mortgage Credit
State Housing Finance and Development
Agencies 86X4240

Information in the above 11 messages is essentially correct and the actions being proposed are reasonably clear. Based on the current congressional schedule, the 45 days of continuous session will end on February 23, 1976.

Agency officials state that several messages appear to minimize the impact the proposed rescissions, if

accepted, would have on the programs. For example, in the case of the Forestry Incentives Program (R76-17), program officials cited a situation in North Carolina where millions of tree seedlings could go to waste if funds are not made available.

In regard to R76-26, we noted that a point raised in the message was the statement that "State governments could lower the borrowing costs of their State housing finance and development agencies more than Section 802 assistance would by pledging their 'full faith and credit' to the borrowing of the agencies." HUD officials, however, could not provide information showing that State governments were willing to pledge their "full faith and credit" to these borrowings.

The rescission statement in R76-18--item 3 on page 2--should be changed to read, "Grant funds for this program have been or are in the process of transfer from the * * *."

Part of the budget authority proposed for rescission in R76-16 thru 18 and R76-20 thru 22 was the subject of prior deferrals D76-29A thru D76-34A respectively.

Proposed rescissions R76-15 and R76-18 relate to the same programs as deferrals D76-68 and D76-72 which are included in this special message.

DEPARTMENT OF AGRICULTURE

- D76-70 Agricultural Stabilization and Con-
servaion Service
Agricultural Conservation Program, 1976
126/83315
- D76-71 Agricultural Stabilization and Con-
servaion Service
Commodity Credit Corporation
Administrative Expenses, 1976
1264336
- D76-72 Farmers Home Administration
Rural Water and Waste Disposal
Grants 12X2066
- D76-73 Soil Conservation Service
Watershed and Flood Prevention Operations
12X1072
- D76-74 Soil Conservation Service
Resource Conservation and Development
12X1010

DEPARTMENT OF COMMERCE

- D76-75 National Oceanic and Atmospheric
Administration
Fishermen's Guaranty Fund
13X4318
- D76-76 Office of the Assistant Secretary
for Science and Technology
Scientific and Technical Research
and Services 12X0500

DEPARTMENT OF LABOR

- D76-77 Departmental Management
Working Capital Fund
16X4601
- D76-78 Pension Benefit Guaranty Corporation
Pension Guaranty Fund
16X2404

ENVIRONMENTAL PROTECTION AGENCY

- D76-79 Office of Research and Development
Research and Development
(Air Research and Development)
68X0107
- D76-80 Office of Research and Development
Research and Development
(Water Quality Research)
68X0107
- D75-81 Abatement and Control
(Air Control Agency Grants)
68X0108
- D76-82 Office of Water Planning and Standards
Abatement and Control
(Water Quality Control Agency Grants)
68X0108
- D76-83 Office of Water Planning and Standards
Abatement and Control
(Clean Lakes Grants)
68X0108

NATIONAL AERONAUTICS AND SPACE
ADMINISTRATION

- D76-84 Research and Program Management
8060103

The information provided in the above 15 messages is essentially correct and the actions taken are reasonably clear. Deferral D76-83 seems to understate the number of grant applications received by EPA. Agency records show that grant applications of \$6 million were received, rather than \$2 million as stated in the deferral message, of which \$4.5 million are ready for immediate approval or could be approved within 6 months.

Deferrals D76-70, 72 thru 74, and 76 thru 83 were authorized by section 1013 of the Impoundment Control Act. Deferrals D76-71 and D76-75 are in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). In our opinion, deferrals D76-77 thru D76-79 and D76-83, which cited Impoundment Control Act authority, could have been authorized by the Antideficiency Act. We agree with these citations. The authority exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

Deferral D76-72 concerns the same program as rescission R76-18 which is included in this special message.

DEPARTMENT OF HEALTH, EDUCATION,
AND WELFARE

D76-11B Assistant Secretary for Human
Development
Research and Training Activities
Overseas
(Special Foreign Currency Program)
75X0138

Our July 17 report to the Congress (B-115398) commented on the original deferral message revised by the above supplementary message. The President's supplementary information reduces the amount being deferred and does not require us to modify our earlier comments.